

Michigan's net metering program

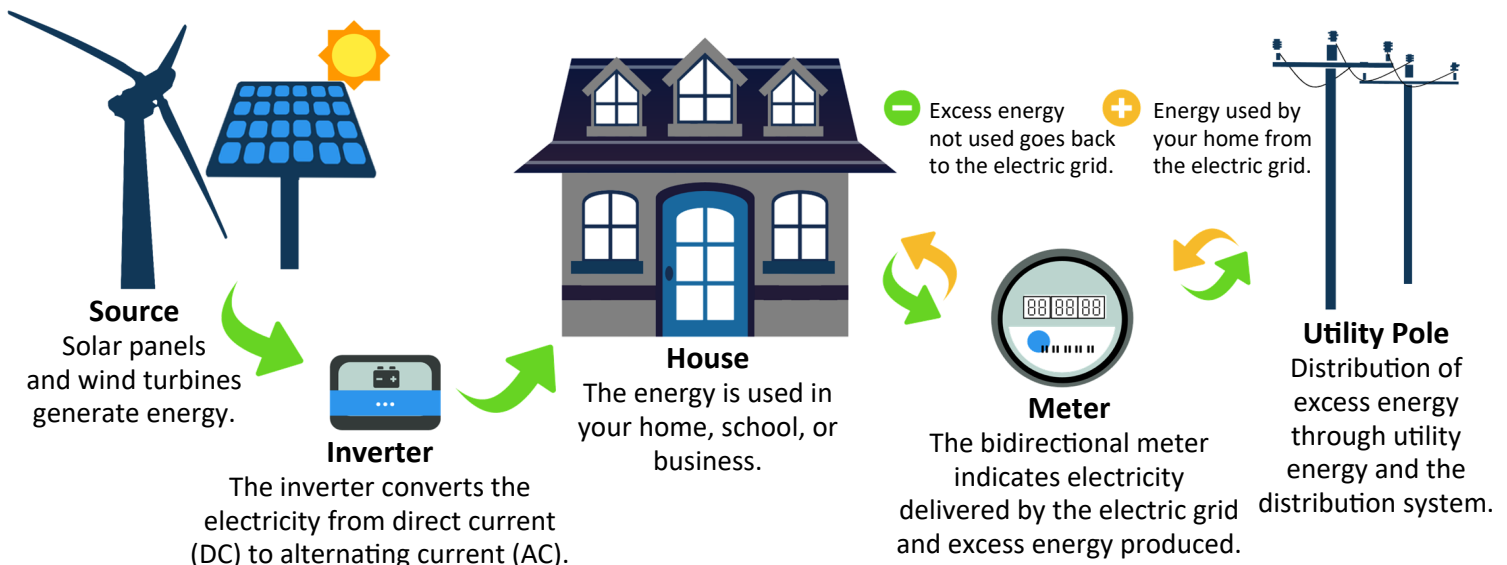
Net metering is for customers who have renewable electric generators such as wind turbines, solar photovoltaic, and other types of renewable electric generators located at a Michigan residence or business that is served by an electric provider. Net metering occurs when customers produce electricity in excess of their needs, providing electricity back to the utility. When that occurs, customers get a credit on their bills. As of December 2016, Michigan had over 2,500 customers participating in net metering.

Utilities with rates that are regulated by the Michigan Public Service Commission (MPSC) are required by law to make this net metering program available to their customers until the size of the program meets the limit specified in Michigan law (Public Act 295 as amended). These companies use a single, uniform net metering and interconnection application and electric interconnection agreement.

Net metering is also available to customers of alternative electric suppliers. Municipals and member-regulated electric cooperatives are not required to participate but may establish their own

net metering programs. In December 2016, Governor Snyder signed a new energy bill into law. This law includes provisions for establishing a new distributed generation program and future changes to the net metering program. Before investing in a new renewable electric generating system, interested customers are advised to check with their electric provider to be certain about that company's policies. For more information and to obtain contact information for rate-regulated Michigan utility companies, see the MPSC's website at www.michigan.gov/netmetering

After completing the standard electric utility interconnection process with the electric provider and receiving final approval to begin generating electricity, the customer may reduce their electric bill by generating some or all of their electric needs and receive a credit from the electric provider for any excess generation delivered to the electric provider during the billing month. Net metering customers will continue to pay monthly customer charges or system access charges. Net metering projects must be sized no larger than required to meet the customer's expected annual electricity needs. More details about net metering are provided below.



Net Metering for projects 20 kW and under

Net metering is available to any customer meeting the generator size requirements (20 kW and under) and using a UL 1741 certified inverter. Typically, residential customers would fit under this type of net metering.

Net metering for these types of projects features:

- Billing based on net usage.
- A credit for the full retail rate for all excess kWh.
- Use of the customer's existing meter, if it is capable of measuring and recording the flow of energy in both directions.
- A generator meter available at cost, if requested by the customer. (The generator meter is for the customer's benefit. Utilities are not obligated to read a customer's generator meter.)
- Use of a certified inverter that meets international standards for electrical safety. The commonly accepted standard is based on Underwriters Laboratories (UL); standard number 1741 and tested using IEEE 1547 testing standards. The inverter manufacturer will be able to produce proof of this certification.
- A maximum interconnection cost of \$100, consisting of the interconnection and net metering application fees. Utilities are not permitted to bill for any additional study fees, testing, or inspection charges.
- Net metering credits for excess generation that can carry forward indefinitely.

Modified Net Metering for projects over 20 kW up to 150 kW

This category of net metering is available to any customer meeting the renewable generator size requirements. Typically, these would be commercial, industrial, or institutional customers. Net metering for these types of projects features:

- Customers who pay the full retail rate for electricity deliveries from their electric provider and receive the generation portion of the retail rate or a wholesale rate for deliveries of excess generation to the grid.
- No charge for the engineering review for interconnection.
- Customers who pay all interconnection costs (combined \$100 interconnection and net metering application fee), distribution study fees and any required distribution system upgrade costs.
- Customers who can use their generation onsite (behind the meter) without paying a standby charge.

Modified Net Metering – Methane Digesters for projects over 150 kW up to 550 kW

This category of net metering is available only for on-farm methane digesters. Net metering for these types of projects is nearly the same as the 20 kW to 150 kW program, except:

- Customers pay the costs of any additional meters and
- Customers pay standby charges.

The contents of this document are valid at the time of publication and may be subject to change.